

REFERENCE TITLE: public retirement systems; rural subsidy

State of Arizona
Senate
Forty-ninth Legislature
First Regular Session
2009

SB 1349

Introduced by
Senator Gould

AN ACT

AMENDING SECTIONS 38-783, 38-817, 38-857 AND 38-906, ARIZONA REVISED
STATUTES; RELATING TO PUBLIC RETIREMENT SYSTEMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-783, Arizona Revised Statutes, is amended to
3 read:

4 38-783. Retired members; dependents; health insurance; premium
5 payment; separate account; definitions

6 A. Subject to subsections ~~J, K and L~~ G, H AND I of this section, the
7 board shall pay from ASRS assets part of the single coverage premium of any
8 health and accident insurance for each retired, contingent annuitant or
9 disabled member of ASRS if the member elects to participate in the coverage
10 provided by ASRS or section 38-651.01 or elects to participate in a health
11 and accident insurance program provided or administered by an employer or
12 paid for, in whole or in part, by an employer to an insurer. A contingent
13 annuitant must be receiving a monthly retirement benefit from ASRS in order
14 to obtain any premium payment provided by this section. The board shall pay:

15 1. Up to one hundred fifty dollars per month for a member of ASRS who
16 is not eligible for medicare if the retired or disabled member has ten or
17 more years of credited service.

18 2. Up to one hundred dollars per month for each member of ASRS who is
19 eligible for medicare if the retired or disabled member has ten or more years
20 of credited service.

21 B. Subject to subsections ~~J, K and L~~ G, H AND I of this section, the
22 board shall pay from ASRS assets part of the family coverage premium of any
23 health and accident insurance for a retired, contingent annuitant or disabled
24 member of ASRS who elects family coverage and who otherwise qualifies for
25 payment pursuant to subsection A of this section. If a member of ASRS and
26 the member's spouse are both either retired or disabled under ASRS and apply
27 for family coverage, the member who elects family coverage is entitled to
28 receive the payments under this section as if they were both applying under a
29 single coverage premium unless the payment under this section for family
30 coverage is greater. Payment under this subsection is in the following
31 amounts:

32 1. Up to two hundred sixty dollars per month if the member of ASRS and
33 one or more dependents are not eligible for medicare.

34 2. Up to one hundred seventy dollars per month if the member of ASRS
35 and one or more dependents are eligible for medicare.

36 3. Up to two hundred fifteen dollars per month if either:

37 (a) The member of ASRS is not eligible for medicare and one or more
38 dependents are eligible for medicare.

39 (b) The member of ASRS is eligible for medicare and one or more
40 dependents are not eligible for medicare.

41 C. In addition each retired, contingent annuitant or disabled member
42 of ASRS with less than ten years of credited service and a dependent of such
43 a retired, contingent annuitant or disabled member who elects to participate
44 in the coverage provided by ASRS or section 38-651.01 or who elects to
45 participate in a health and accident insurance program provided or

administered by an employer or paid for, in whole or in part, by an employer to an insurer is entitled to receive a proportion of the full benefit prescribed by subsection A, ~~OR B, E, F, O or P~~ of this section according to the following schedule:

1. 9.0 to 9.9 years of credited service, ninety per cent.
2. 8.0 to 8.9 years of credited service, eighty per cent.
3. 7.0 to 7.9 years of credited service, seventy per cent.
4. 6.0 to 6.9 years of credited service, sixty per cent.
5. 5.0 to 5.9 years of credited service, fifty per cent.
6. Those with less than five years of credited service do not qualify for the benefit.

D. The board shall not pay more than the amount prescribed in this section for a member of ASRS.

~~E. In addition to the payments provided by subsection A of this section, through June 30, 2005, the board shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for each retired, contingent annuitant or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:~~

~~1. Up to three hundred dollars per month for a member of ASRS who is not eligible for medicare if the retired or disabled member has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member of ASRS shall pay out of pocket medical insurance premiums of at least one hundred twenty five dollars per month.~~

~~2. Up to one hundred seventy dollars per month for a member of ASRS who is eligible for medicare if the retired or disabled member has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member of ASRS shall pay out of pocket medical insurance premiums of at least one hundred dollars per month.~~

~~F. In addition to the payments provided by subsection B of this section, through June 30, 2005, the board shall pay from ASRS assets part of the family coverage premium for medical coverage, not including limited benefit coverage as defined in section 20-1137, for a retired, contingent annuitant or disabled member of ASRS who is eligible for a premium benefit payment pursuant to subsection B of this section, who is enrolled in a family medical plan and who lives in a nonservice area as follows:~~

~~1. Up to six hundred dollars per month if the member of ASRS and one or more dependents are not eligible for medicare and the retired or disabled member of ASRS has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member shall pay out of pocket medical insurance premiums of at least four hundred twenty five dollars per month.~~

~~2. Up to three hundred fifty dollars per month if the member of ASRS and one or more dependents are eligible for medicare and the retired or~~

~~disabled member of ASRS has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member shall pay out of pocket medical insurance premiums of at least two hundred dollars per month.~~

~~3. If the retired or disabled member of ASRS has ten or more years of credited service, up to four hundred seventy dollars per month if either:~~

~~(a) The member of ASRS is not eligible for medicare and one or more dependents are eligible for medicare.~~

~~(b) The member of ASRS is eligible for medicare and one or more dependents are not eligible for medicare.~~

~~To qualify for this additional benefit, a retired or disabled member shall pay out of pocket medical insurance premiums of at least four hundred dollars per month.~~

~~G. A retired, contingent annuitant or disabled member of ASRS who is enrolled in a managed care program in a nonservice area is not eligible for the payment prescribed in subsection E, F, O or P of this section.~~

~~H.~~ E. A retired, contingent annuitant or disabled member of ASRS may elect to purchase individual health care coverage and receive a payment pursuant to this section through the retired or disabled member's employer if that employer assumes the administrative functions associated with the payment, including verification that the payment is used to pay for health insurance coverage if the payment is made to the retired or disabled member.

~~I.~~ F. The board shall establish a separate account that consists of the benefits provided by this section. The board shall not use or divert any part of the corpus or income of the account for any purpose other than the provision of benefits under this section unless the liabilities of ASRS to provide the benefits are satisfied. If the liabilities of ASRS to provide the benefits described in this section are satisfied, the board shall return any amount remaining in the account to the employer.

~~J.~~ G. Payment of the benefits provided by this section is subject to the following conditions:

1. The payment of the benefits is subordinate to the payment of retirement benefits payable by ASRS.

2. The total of contributions for the benefits and actual contributions for life insurance protection, if any, shall not exceed twenty-five per cent of the total actual employer and employee contributions to ASRS, less contributions to fund past service credits, after the day the account is established.

3. The board shall deposit the benefits provided by this section in the account.

4. The contributions by the employer to the account shall be reasonable and ascertainable.

~~K.~~ H. A member who elects to receive a retirement benefit pursuant to section 38-760, subsection B, paragraph 1 may elect at the time of retirement

1 an optional form of health and accident insurance premium benefit payment
 2 pursuant to this subsection as follows:

3 1. The optional premium benefit payment shall be an amount prescribed
 4 by subsection A, B, ~~OR C, E, F, 0 or P~~ of this section that is actuarially
 5 reduced to the retiring member for life. The amount of the optional premium
 6 benefit payment shall be the actuarial equivalent of the premium benefit
 7 payment to which the retired member would otherwise be entitled. The
 8 election in a manner prescribed by the board shall name the contingent
 9 annuitant and may be revoked at any time before the retiring member's
 10 effective date of retirement. At any time after benefits have commenced, the
 11 member may name a different contingent annuitant or rescind the election by
 12 written notice to the board as follows:

13 (a) If the retired member names a different contingent annuitant, the
 14 optional premium benefit payment shall be adjusted to the actuarial
 15 equivalent of the original premium benefit payment based on the age of the
 16 new contingent annuitant. The adjustment shall include all postretirement
 17 increases or decreases in amounts prescribed by subsection A, B, ~~OR C, E, F,~~
 18 ~~0 or P~~ of this section that are authorized by law after the retired member's
 19 date of retirement. Payment of this adjusted premium benefit payment shall
 20 continue under the provisions of the optional premium benefit payment
 21 previously elected by the retired member. A retired member cannot name a
 22 different contingent annuitant if the retired member has at any time
 23 rescinded the optional form of health and accident insurance premium benefit
 24 payment.

25 (b) If the retired member rescinds the election, the retired member
 26 shall thereafter receive the premium benefit payment that the retired member
 27 would otherwise be entitled to receive if the retired member had not elected
 28 the optional premium benefit payment, including all postretirement increases
 29 or decreases in amounts prescribed by subsection A, B, ~~OR C, E, F, 0 or P~~ of
 30 this section that are authorized by law after the member's date of
 31 retirement. The increased benefit payment shall continue during the
 32 remainder of the retired member's lifetime. The decision to rescind shall be
 33 irrevocable.

34 2. If, at the time of the retired member's death:

35 (a) The retired member was receiving a reduced premium benefit payment
 36 based on an amount prescribed in subsection B, ~~OR C, F or P~~ of this section
 37 and the contingent annuitant is eligible for family health and accident
 38 insurance coverage, the contingent annuitant is entitled to receive a premium
 39 benefit payment based on an amount prescribed in subsection B, ~~OR C, F or P~~
 40 of this section times the reduction factor applied to the retired member's
 41 premium benefit payment times the joint and survivor option reduction factor
 42 elected by the retired member at the time of retirement pursuant to section
 43 38-760, subsection B, paragraph 1.

44 (b) The retired member was receiving a reduced premium benefit payment
 45 based on an amount prescribed in subsection A, ~~OR C, E or 0~~ of this section

1 and the contingent annuitant is eligible for single health and accident
 2 insurance coverage, the contingent annuitant is entitled to receive a premium
 3 benefit payment based on an amount prescribed in subsection A, ~~OR C, E or O~~
 4 of this section times the reduction factor applied to the retired member's
 5 premium benefit payment times the joint and survivor option reduction factor
 6 elected by the retired member at the time of retirement pursuant to section
 7 38-760, subsection B, paragraph 1.

8 (c) The retired member was receiving a reduced premium benefit payment
 9 based on an amount prescribed in subsection B, ~~OR C, F or P~~ of this section
 10 and the contingent annuitant is not eligible for family health and accident
 11 insurance coverage, the contingent annuitant is entitled to receive a premium
 12 benefit payment based on an amount prescribed in subsection A, ~~OR C, E or O~~
 13 of this section times the reduction factor applied to the retired member's
 14 premium benefit payment times the joint and survivor option reduction factor
 15 elected by the retired member at the time of retirement pursuant to section
 16 38-760, subsection B, paragraph 1.

17 ~~I.~~ I. A member who elects to receive a retirement benefit pursuant to
 18 section 38-760, subsection B, paragraph 2 may elect at the time of retirement
 19 an optional form of health and accident insurance premium benefit payment
 20 pursuant to this subsection as follows:

21 1. The optional premium benefit payment shall be an amount prescribed
 22 by subsection A, B, ~~OR C, E, F, O or P~~ of this section that is actuarially
 23 reduced with payments for five, ten or fifteen years that are not dependent
 24 on the continued lifetime of the retired member but whose payments continue
 25 for the retired member's lifetime beyond the five, ten or fifteen year
 26 period. The election in a manner prescribed by the board shall name the
 27 contingent annuitant and may be revoked at any time before the retiring
 28 member's effective date of retirement. At any time after benefits have
 29 commenced, the member may name a different contingent annuitant or rescind
 30 the election by written notice to the board. If the retired member rescinds
 31 the election, the retired member shall thereafter receive the premium benefit
 32 payment that the retired member would otherwise be entitled to receive if the
 33 retired member had not elected the optional premium benefit payment,
 34 including all postretirement increases or decreases in amounts prescribed by
 35 subsection A, B, ~~OR C, E, F, O or P~~ of this section that are authorized by
 36 law after the member's date of retirement. The increased benefit payment
 37 shall continue during the remainder of the retired member's lifetime. The
 38 decision to rescind shall be irrevocable.

39 2. If, at the time of the retired member's death:

40 (a) The retired member was receiving a reduced premium benefit payment
 41 based on an amount prescribed in subsection B, ~~OR C, F or P~~ of this section
 42 and the contingent annuitant is eligible for family health and accident
 43 insurance coverage, the contingent annuitant is entitled to receive a premium
 44 benefit payment based on an amount prescribed in subsection B, ~~OR C, F or P~~
 45 of this section times the period certain and life option reduction factor

1 elected by the retired member at the time of retirement pursuant to section
2 38-760, subsection B, paragraph 2.

3 (b) The retired member was receiving a reduced premium benefit payment
4 based on an amount prescribed in subsection A, ~~OR C, E or F~~ of this section
5 and the contingent annuitant is eligible for single health and accident
6 insurance coverage, the contingent annuitant is entitled to receive a premium
7 benefit payment based on an amount prescribed in subsection A, ~~OR C, E or F~~
8 of this section times the period certain and life option reduction factor
9 elected by the retired member at the time of retirement pursuant to section
10 38-760, subsection B, paragraph 2.

11 (c) The retired member was receiving a reduced premium benefit payment
12 based on an amount prescribed in subsection B, ~~OR C, F or P~~ of this section
13 and the contingent annuitant is not eligible for family health and accident
14 insurance coverage, the contingent annuitant is entitled to receive a premium
15 benefit payment based on an amount prescribed in subsection A, ~~OR C, E or F~~
16 of this section times the period certain and life option reduction factor
17 elected by the retired member at the time of retirement pursuant to section
18 38-760, subsection B, paragraph 2.

19 ~~M.~~ J. If, at the time of retirement, a retiring member does not elect
20 to receive a reduced premium benefit payment pursuant to subsection ~~K or L~~ H
21 OR I of this section, the retired member's contingent annuitant is not
22 eligible at any time for the optional premium benefit payment.

23 ~~N.~~ K. A contingent annuitant is not eligible for any premium benefit
24 payment if the contingent annuitant was not enrolled in an eligible health
25 and accident insurance plan at the time of the retired member's death or if
26 the contingent annuitant is not the dependent beneficiary or insured
27 surviving dependent as provided in section 38-782.

28 ~~O. In addition to the payments provided by subsection A of this~~
29 ~~section, beginning July 1, 2005 through June 30, 2009, the board shall pay an~~
30 ~~insurance premium benefit for medical coverage, not including limited benefit~~
31 ~~coverage as defined in section 20-1137, for each medicare eligible retired,~~
32 ~~contingent annuitant or disabled member of ASRS who is eligible for a premium~~
33 ~~benefit payment pursuant to subsection A of this section and who lives in a~~
34 ~~nonservice area of up to one hundred seventy dollars per month for a member~~
35 ~~of ASRS who is eligible for medicare if the retired or disabled member has~~
36 ~~ten or more years of credited service. To qualify for this additional~~
37 ~~benefit, a retired or disabled member of ASRS shall pay out of pocket medical~~
38 ~~insurance premiums of at least one hundred dollars per month.~~

39 ~~P. In addition to the payments provided by subsection B of this~~
40 ~~section, beginning July 1, 2005 through June 30, 2009, the board shall pay~~
41 ~~from ASRS assets part of the family coverage premium for medical coverage,~~
42 ~~not including limited benefit coverage as defined in section 20-1137, for a~~
43 ~~medicare eligible retired, contingent annuitant or disabled member of ASRS~~
44 ~~who is eligible for a premium benefit payment pursuant to subsection B of~~

~~this section, who is enrolled in a family medical plan and who lives in a nonservice area as follows:~~

~~1. Up to three hundred fifty dollars per month if the member of ASRS and one or more dependents are eligible for medicare and the retired or disabled member of ASRS has ten or more years of credited service. To qualify for this additional benefit, a retired or disabled member shall pay out of pocket medical insurance premiums of at least two hundred dollars per month.~~

~~2. If the retired or disabled member of ASRS has ten or more years of credited service, up to four hundred seventy dollars per month if the member of ASRS is eligible for medicare and one or more dependents are not eligible for medicare. To qualify for this additional benefit, a retired or disabled member shall pay out of pocket medical insurance premiums of at least four hundred dollars per month.~~

~~Q.~~ L. For the purposes of this section:

1. "Account" means the separate account established pursuant to subsection ~~I~~ F of this section.

2. "Credited service" includes prior service.

~~3. "Nonservice area" means an area in this state in which ASRS pursuant to section 38-782, the department of administration pursuant to section 38-651.01 or any employer does not provide or administer a health care services organization program, excluding any preferred provider organization program or individual health indemnity policy, for which the retired, contingent annuitant or disabled member of ASRS is eligible.~~

~~4.~~ 3. "Prior service" means service for this state or a political subdivision of this state before membership in the defined contribution program administered by ASRS.

Sec. 2. Section 38-817, Arizona Revised Statutes, is amended to read:

38-817. Group health and accident coverage for retired members: payment

A. The fund manager shall pay from the assets of the fund part of the single coverage premium of any group health and accident insurance for each retired member or survivor of the elected officials' retirement plan who receives a pension if the retired member had eight or more years of credited service under the plan. In order to qualify for payment pursuant to this subsection, the retired member or survivor shall elect single coverage and must have elected to participate in the coverage provided in section 38-651.01 or 38-782 or any other health and accident insurance coverage provided or administered by a participating employer of the elected officials' retirement plan. The fund manager shall pay up to:

1. One hundred fifty dollars per month for each retired member or survivor of the plan who is not eligible for medicare.

2. One hundred dollars per month for each retired member or survivor of the plan who is eligible for medicare.

B. The fund manager shall pay from the assets of the fund part of the family coverage premium of any group health and accident insurance each month for a benefit recipient who elects family coverage and who otherwise qualifies for payment pursuant to subsection A of this section. The fund manager shall pay up to:

1. Two hundred sixty dollars per month if the retired member or survivor of the plan and one or more dependents are not eligible for medicare.

2. One hundred seventy dollars per month if the retired member or survivor of the plan and one or more dependents are eligible for medicare.

3. Two hundred fifteen dollars per month if either:

(a) The retired member or survivor of the plan is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The retired member or survivor of the plan is eligible for medicare and one or more dependents are not eligible for medicare.

C. Each retired member or survivor of the plan with less than eight years of credited service and a dependent of such a retired member or survivor who participates in the coverage provided by section 38-651.01 or 38-782 or who participates in any other health and accident insurance coverage provided or administered by a participating employer of the plan is entitled to receive a proportion of the full benefit prescribed by subsection A, ~~OR B, E, F, G or H~~ of this section according to the following schedule:

1. 7.0 to 7.9 years of credited service, ninety per cent.

2. 6.0 to 6.9 years of credited service, seventy-five per cent.

3. 5.0 to 5.9 years of credited service, sixty per cent.

4. Those with less than five years of credited service do not qualify for the benefit.

D. The fund manager shall not pay more than the amount prescribed in this section for a benefit recipient as a member or survivor of the plan.

~~E. In addition to the payments provided by subsection A of this section, through June 30, 2005, the fund manager shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for each retired member or survivor of the plan who is entitled to a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:~~

~~1. Up to three hundred dollars per month for a retired member or survivor of the plan who is not eligible for medicare and who has eight or more years of credited service. To qualify for this additional benefit, a retired member or survivor shall pay out-of-pocket medical insurance premiums of at least one hundred twenty-five dollars per month.~~

~~2. Up to one hundred seventy dollars per month for a retired member or survivor of the plan who is eligible for medicare and who has eight or more years of credited service. To qualify for this additional benefit, a retired member or survivor shall pay out-of-pocket medical insurance premiums of at least one hundred dollars per month.~~

1 ~~F. In addition to the payments provided by subsection B of this~~
2 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
3 ~~premium benefit for medical coverage, not including limited benefit coverage~~
4 ~~as defined in section 20-1137, for a retired member or survivor of the plan~~
5 ~~who is entitled to a premium benefit payment pursuant to subsection B of this~~
6 ~~section, who is enrolled in a family medical plan and who lives in a~~
7 ~~nonservice area as follows:~~

8 ~~1. Up to six hundred dollars per month if the retired member or~~
9 ~~survivor of the plan and one or more dependents are not eligible for medicare~~
10 ~~and the retired member or survivor of the plan has eight or more years of~~
11 ~~credited service. To qualify for this additional benefit, a retired member~~
12 ~~or survivor shall pay out of pocket medical insurance premiums of at least~~
13 ~~four hundred twenty-five dollars per month.~~

14 ~~2. Up to three hundred fifty dollars per month if the retired member~~
15 ~~or survivor of the plan and one or more dependents are eligible for medicare~~
16 ~~and the retired member or survivor of the plan has eight or more years of~~
17 ~~credited service. To qualify for this additional benefit, a retired member~~
18 ~~or survivor shall pay out of pocket medical insurance premiums of at least~~
19 ~~two hundred dollars per month.~~

20 ~~3. If the retired member or survivor of the plan has eight or more~~
21 ~~years of credited service, up to four hundred seventy dollars per month if~~
22 ~~either:~~

23 ~~(a) The retired member or survivor of the plan is not eligible for~~
24 ~~medicare and one or more dependents are eligible for medicare.~~

25 ~~(b) The retired member or survivor of the plan is eligible for~~
26 ~~medicare and one or more dependents are not eligible for medicare.~~

27 ~~To qualify for this additional benefit, a retired member or survivor shall~~
28 ~~pay out of pocket medical insurance premiums of at least four hundred dollars~~
29 ~~per month.~~

30 ~~G. In addition to the payments provided by subsection A of this~~
31 ~~section, beginning July 1, 2005 through June 30, 2009, the fund manager shall~~
32 ~~pay an insurance premium benefit for medical coverage, not including limited~~
33 ~~benefit coverage as defined in section 20-1137, for each medicare eligible~~
34 ~~retired member or survivor of the plan who is entitled to a premium benefit~~
35 ~~payment pursuant to subsection A of this section and who lives in a~~
36 ~~nonservice area of up to one hundred seventy dollars per month for a retired~~
37 ~~member or survivor of the plan who is eligible for medicare and who has eight~~
38 ~~or more years of credited service. To qualify for this additional benefit, a~~
39 ~~retired member or survivor shall pay out of pocket medical insurance premiums~~
40 ~~of at least one hundred dollars per month.~~

41 ~~H. In addition to the payments provided by subsection B of this~~
42 ~~section, beginning July 1, 2005 through June 30, 2009, the fund manager shall~~
43 ~~pay an insurance premium benefit for medical coverage, not including limited~~
44 ~~benefit coverage as defined in section 20-1137, for a medicare eligible~~
45 ~~retired member or survivor of the plan who is entitled to a premium benefit~~

1 ~~payment pursuant to subsection B of this section, who is enrolled in a family~~
 2 ~~medical plan and who lives in a nonservice area as follows:~~

3 ~~1. Up to three hundred fifty dollars per month if the retired member~~
 4 ~~or survivor of the plan and one or more dependents are eligible for medicare~~
 5 ~~and the retired member or survivor of the plan has eight or more years of~~
 6 ~~credited service. To qualify for this additional benefit, a retired member~~
 7 ~~or survivor shall pay out of pocket medical insurance premiums of at least~~
 8 ~~two hundred dollars per month.~~

9 ~~2. If the retired member or survivor of the plan has eight or more~~
 10 ~~years of credited service, up to four hundred seventy dollars per month~~
 11 ~~if the retired member or survivor of the plan is eligible for medicare and~~
 12 ~~one or more dependents are not eligible for medicare. To qualify for this~~
 13 ~~additional benefit, a retired member or survivor shall pay out of pocket~~
 14 ~~medical insurance premiums of at least four hundred dollars per month.~~

15 ~~I. A retired member or survivor of the plan who is enrolled in a~~
 16 ~~managed care program in a nonservice area is not eligible for the payment~~
 17 ~~prescribed in subsection E, F, G or H of this section.~~

18 ~~J.~~ E. A retired member or survivor of the plan may elect to purchase
 19 individual health care coverage and receive a payment pursuant to this
 20 section through the retired member's employer if that employer assumes the
 21 administrative functions associated with the payment, including verification
 22 that the payment is used to pay for health insurance coverage if the payment
 23 is made to the retired member or survivor of the plan.

24 ~~K. For the purposes of this section, "nonservice area" means an area~~
 25 ~~in this state in which the Arizona state retirement system pursuant to~~
 26 ~~section 38-782, the department of administration pursuant to section~~
 27 ~~38-651.01 or the member's or survivor's participating employer does not~~
 28 ~~provide or administer a health care services organization program, excluding~~
 29 ~~any preferred provider organization program or individual health indemnity~~
 30 ~~policy, for which the retired member or survivor of the plan is eligible.~~

31 Sec. 3. Section 38-857, Arizona Revised Statutes, is amended to read:

32 38-857. Group health and accident coverage for retired members;
 33 payment

34 A. The fund manager of the public safety personnel retirement system
 35 shall pay part of the single coverage premium of any group health and
 36 accident insurance for each retired member or survivor of the system who
 37 receives a pension and who has elected to participate in the coverage
 38 provided by section 38-651.01 or 38-782 or any other health and accident
 39 insurance coverage provided or administered by a participating employer of
 40 the system. The fund manager shall pay up to:

41 1. One hundred fifty dollars per month for each retired member or
 42 survivor of the system who is not eligible for medicare.

43 2. One hundred dollars per month for each retired member or survivor
 44 of the system who is eligible for medicare.

B. The fund manager of the system shall pay from assets of the fund part of the family coverage premium of any group health and accident insurance each month for a benefit recipient who elects family coverage and otherwise qualifies for payment pursuant to subsection A of this section. The fund manager shall pay up to:

1. Two hundred sixty dollars per month if the retired member or survivor of the system and one or more dependents are not eligible for medicare.

2. One hundred seventy dollars per month if the retired member or survivor of the system and one or more dependents are eligible for medicare.

3. Two hundred fifteen dollars per month if either:

(a) The retired member or survivor of the system is not eligible for medicare and one or more dependents are eligible for medicare.

(b) The retired member or survivor of the system is eligible for medicare and one or more dependents are not eligible for medicare.

C. The fund manager shall not pay from assets of the fund more than the amount prescribed in this section for a benefit recipient as a member or survivor of the system.

D. This section does not apply to a retired member or survivor of the system who is reemployed by this state or a political subdivision of this state and who participates in coverage provided by this state or a political subdivision of this state as an active employee.

~~E. In addition to the payments provided by subsection A of this section, through June 30, 2005, the fund manager shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for each retired member or survivor of the system who is entitled to a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area as follows:~~

~~1. Up to three hundred dollars per month for a retired member or survivor of the system who is not eligible for medicare. To qualify for this additional benefit, a retired member or survivor shall pay out of pocket medical insurance premiums of at least one hundred twenty five dollars per month.~~

~~2. Up to one hundred seventy dollars per month for a retired member or survivor of the system who is eligible for medicare. To qualify for this additional benefit, a retired member or survivor shall pay out of pocket medical insurance premiums of at least one hundred dollars per month.~~

~~F. In addition to the payments provided by subsection B of this section, through June 30, 2005, the fund manager shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for a retired member or survivor of the system who is entitled to a premium benefit payment pursuant to subsection B of this section, who is enrolled in a family medical plan and who lives in a nonservice area as follows:~~

~~1. Up to six hundred dollars per month if the retired member or survivor of the system and one or more dependents are not eligible for medicare. To qualify for this additional benefit, a retired member or survivor shall pay out of pocket medical insurance premiums of at least four hundred twenty five dollars per month.~~

~~2. Up to three hundred fifty dollars per month if the retired member or survivor of the system and one or more dependents are eligible for medicare. To qualify for this additional benefit, a retired member or survivor shall pay out of pocket medical insurance premiums of at least two hundred dollars per month.~~

~~3. Up to four hundred seventy dollars per month if either:~~

~~(a) The retired member or survivor of the system is not eligible for medicare and one or more dependents are eligible for medicare.~~

~~(b) The retired member or survivor of the system is eligible for medicare and one or more dependents are not eligible for medicare.~~

~~To qualify for this additional benefit, a retired member or survivor shall pay out of pocket medical insurance premiums of at least four hundred dollars per month.~~

~~G. In addition to the payments provided by subsection A of this section, beginning July 1, 2005 through June 30, 2009, the fund manager shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for each medicare eligible retired member or survivor of the system who is entitled to a premium benefit payment pursuant to subsection A of this section and who lives in a nonservice area of up to one hundred seventy dollars per month for a retired member or survivor of the system who is eligible for medicare. To qualify for this additional benefit, a retired member or survivor shall pay out of pocket medical insurance premiums of at least one hundred dollars per month.~~

~~H. In addition to the payments provided by subsection B of this section, beginning July 1, 2005 through June 30, 2009, the fund manager shall pay an insurance premium benefit for medical coverage, not including limited benefit coverage as defined in section 20-1137, for a medicare eligible retired member or survivor of the system who is entitled to a premium benefit payment pursuant to subsection B of this section, who is enrolled in a family medical plan and who lives in a nonservice area as follows:~~

~~1. Up to three hundred fifty dollars per month if the retired member or survivor of the system and one or more dependents are eligible for medicare. To qualify for this additional benefit, a retired member or survivor shall pay out of pocket medical insurance premiums of at least two hundred dollars per month.~~

~~2. Up to four hundred seventy dollars per month if the retired member or survivor of the system is eligible for medicare and one or more dependents are not eligible for medicare. To qualify for this additional benefit, a~~

~~retired member or survivor shall pay out of pocket medical insurance premiums of at least four hundred dollars per month.~~

~~I. A retired member or survivor of the system who is enrolled in a managed care program in a nonservice area is not eligible for the payment prescribed in subsection E, F, G or H of this section.~~

~~J. E. A retired member or survivor of the system may elect to purchase individual health care coverage and receive a payment pursuant to this section through the retired member's employer if that employer assumes the administrative functions associated with the payment, including verification that the payment is used to pay for health insurance coverage if the payment is made to the retired member or survivor of the system.~~

~~K. For the purposes of this section, "nonservice area" means an area in this state in which the Arizona state retirement system pursuant to section 38-782, the department of administration pursuant to section 38-651.01 or the member's or survivor's participating employer does not provide or administer a health care services organization program, excluding any preferred provider organization program or individual health indemnity policy, for which the retired member or survivor of the system is eligible.~~

Sec. 4. Section 38-906, Arizona Revised Statutes, is amended to read:

38-906. Group health and accident coverage for retired members; payment

A. The fund manager shall pay from the assets of the fund part of the single coverage premium of any group health and accident insurance for each retired member or survivor of the plan who receives a pension and who has elected to participate in coverage provided by section 38-651.01 or 38-782 or any other health and accident insurance coverage provided or administered by a participating employer in the plan. The fund manager shall pay up to:

1. One hundred fifty dollars per month for each retired member or survivor of the plan who is not eligible for medicare.

2. One hundred dollars per month for each retired member or survivor of the plan who is eligible for medicare.

B. The fund manager shall pay from the assets of the fund part of the family coverage premium of any group health and accident insurance for each retired member or survivor of the plan who elects family coverage and who otherwise qualifies for payment pursuant to subsection A of this section. Payment under this subsection is in the following amounts:

1. Up to two hundred sixty dollars per month if the retired member or survivor of the plan and one or more dependents are not eligible for medicare.

2. Up to one hundred seventy dollars per month if the retired member or survivor of the plan and one or more dependents are eligible for medicare.

3. Up to two hundred fifteen dollars if either:

(a) The retired member or survivor of the plan is not eligible for medicare and one or more dependents are eligible for medicare.

1 (b) The retired member or survivor of the plan is eligible for
2 medicare and one or more dependents are not eligible for medicare.

3 C. The fund manager shall not pay more than the amount prescribed in
4 this section for a benefit recipient as a member or survivor of the plan.

5 ~~D. In addition to the payments provided by subsection A of this~~
6 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
7 ~~premium benefit for medical coverage, not including limited benefit coverage~~
8 ~~as defined in section 20-1137, for each retired member or survivor of the~~
9 ~~plan who is entitled to a premium benefit payment pursuant to subsection A of~~
10 ~~this section and who lives in a nonservice area as follows:~~

11 ~~1. Up to three hundred dollars per month for a retired member or~~
12 ~~survivor of the plan who is not eligible for medicare. To qualify for this~~
13 ~~additional benefit, a retired member or survivor shall pay out-of-pocket~~
14 ~~medical insurance premiums of at least one hundred twenty-five dollars per~~
15 ~~month.~~

16 ~~2. Up to one hundred seventy dollars per month for a retired member or~~
17 ~~survivor of the plan who is eligible for medicare. To qualify for this~~
18 ~~additional benefit, a retired member or survivor shall pay out-of-pocket~~
19 ~~medical insurance premiums of at least one hundred dollars per month.~~

20 ~~E. In addition to the payments provided by subsection B of this~~
21 ~~section, through June 30, 2005, the fund manager shall pay an insurance~~
22 ~~premium benefit for medical coverage, not including limited benefit coverage~~
23 ~~as defined in section 20-1137, for a retired member or survivor of the plan~~
24 ~~who is entitled to a premium benefit payment pursuant to subsection B of this~~
25 ~~section, who is enrolled in a family medical plan and who lives in a~~
26 ~~nonservice area as follows:~~

27 ~~1. Up to six hundred dollars per month if the retired member or~~
28 ~~survivor of the plan and one or more dependents are not eligible for~~
29 ~~medicare. To qualify for this additional benefit, a retired member or~~
30 ~~survivor shall pay out-of-pocket medical insurance premiums of at least four~~
31 ~~hundred twenty-five dollars per month.~~

32 ~~2. Up to three hundred fifty dollars per month if the retired member~~
33 ~~or survivor of the plan and one or more dependents are eligible for medicare.~~
34 ~~To qualify for this additional benefit, a retired member or survivor shall~~
35 ~~pay out-of-pocket medical insurance premiums of at least two hundred dollars~~
36 ~~per month.~~

37 ~~3. Up to four hundred seventy dollars per month if either:~~

38 ~~(a) The retired member or survivor of the plan is not eligible for~~
39 ~~medicare and one or more dependents are eligible for medicare.~~

40 ~~(b) The retired member or survivor of the plan is eligible for~~
41 ~~medicare and one or more dependents are not eligible for medicare.~~

42 ~~To qualify for this additional benefit, a retired member or survivor shall~~
43 ~~pay out-of-pocket medical insurance premiums of at least four hundred dollars~~
44 ~~per month.~~

1 ~~F. In addition to the payments provided by subsection A of this~~
2 ~~section, beginning July 1, 2005 through June 30, 2009, the fund manager shall~~
3 ~~pay an insurance premium benefit for medical coverage, not including limited~~
4 ~~benefit coverage as defined in section 20-1137, for each medicare eligible~~
5 ~~retired member or survivor of the plan who is entitled to a premium benefit~~
6 ~~payment pursuant to subsection A of this section and who lives in a~~
7 ~~nonservice area of up to one hundred seventy dollars per month for a retired~~
8 ~~member or survivor of the plan who is eligible for medicare. To qualify for~~
9 ~~this additional benefit, a retired member or survivor shall pay out of pocket~~
10 ~~medical insurance premiums of at least one hundred dollars per month.~~

11 ~~G. In addition to the payments provided by subsection B of this~~
12 ~~section, beginning July 1, 2005 through June 30, 2009, the fund manager shall~~
13 ~~pay an insurance premium benefit for medical coverage, not including limited~~
14 ~~benefit coverage as defined in section 20-1137, for a medicare eligible~~
15 ~~retired member or survivor of the plan who is entitled to a premium benefit~~
16 ~~payment pursuant to subsection B of this section, who is enrolled in a family~~
17 ~~medical plan and who lives in a nonservice area as follows:~~

18 ~~1. Up to three hundred fifty dollars per month if the retired member~~
19 ~~or survivor of the plan and one or more dependents are eligible for medicare.~~
20 ~~To qualify for this additional benefit, a retired member or survivor shall~~
21 ~~pay out of pocket medical insurance premiums of at least two hundred dollars~~
22 ~~per month.~~

23 ~~2. Up to four hundred seventy dollars per month if the retired member~~
24 ~~or survivor of the plan is eligible for medicare and one or more dependents~~
25 ~~are not eligible for medicare. To qualify for this additional benefit, a~~
26 ~~retired member or survivor shall pay out of pocket medical insurance premiums~~
27 ~~of at least four hundred dollars per month.~~

28 ~~H. A retired member or survivor of the plan who is enrolled in a~~
29 ~~managed care program in a nonservice area is not eligible for the payment~~
30 ~~prescribed in subsection D, E, F or G of this section.~~

31 ~~I.~~ D. A retired member or survivor of the plan may elect to purchase
32 individual health care coverage and receive a payment pursuant to this
33 section through the retired member's employer if that employer assumes the
34 administrative functions associated with the payment, including verification
35 that the payment is used to pay for health insurance coverage if the payment
36 is made to the retired member or survivor of the plan.

37 ~~J. For the purposes of this section, "nonservice area" means an area~~
38 ~~in this state in which the Arizona state retirement system pursuant to~~
39 ~~section 38-782, the department of administration pursuant to section~~
40 ~~38-651.01 or the member's or survivor's participating employer does not~~
41 ~~provide or administer a health care services organization program, excluding~~
42 ~~any preferred provider organization program or individual health indemnity~~
43 ~~policy, for which the retired member or survivor of the plan is eligible.~~